



Testimony on:

TDHCA, Houston housing issues

**HOUSING SUBCOMMITTEE of
HOUSE FINANCIAL SERVICES**

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U.S. CONGRESS

October 29, 2007

- **Good morning Madam Chair, Congressman Green and Members.**

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- **I'm Michael Gerber, Executive Director of the Texas Department of Housing and Community Affairs, and I would like to thank you for the opportunity this morning to appear before you.**

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- **My department – TDHCA – is the lead state agency to assist low income Texans in finding safe, decent affordable housing.**

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- **Without you and your colleagues in Congress we could not do our jobs, and we would like to thank you for all you do to help provide a better standard of living for low income Texans.**

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- **We especially want to thank you for your efforts in passing the new Housing Trust Fund legislation that will help even more low income persons across the country — including Texans — have more access to affordable housing.**

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- **Thankfully, the Texas Legislature also provided an almost 60 percent increase in our own state housing trust fund in the last legislative session.**

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- **Even with all of that help, we are still not reaching the need that is out there as you well know.**

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- **So what exactly are we doing . . . with the federal funds available, we allocated more than \$680 million for low income Texans during the 2007 fiscal year that just concluded.**

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- **With those funds we rehabilitated seniors and single head-of-household homes in rural Texas allowing families to stay in their community while repairing their homes to a decent standard.**

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- **We used private activity bonds to place a record level of assisted and low-interest rate unassisted mortgages helping those people who are ready to take the next step in the housing continuum of home ownership.**

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- These are safe, traditional mortgages that provide real security rather than people going to higher interest rate loans to gain homeownership.
- Locally, through our Texas First Time Homebuyer Program, we've been able to help 1,586 families in the Houston area achieve the American Dream of homeownership.
- We offer the lowest interest rates of any state agency and we have a very safe and traditional mortgage product that is firmed up by conventional underwriting. You'll find no exotic ARMs or balloon mortgages through TDHCA.
- We also work with the DOE Weatherization program that not only saves energy, but helps a family afford to heat and a very important component in Texas, cool its homes without making choices between food and electricity.
- And of course, the public-private partnership of the Low Income Housing Tax Credit Program has had a tremendous impact in creating additional affordable housing or rehabbing existing housing and improving the quality of life for the residents in those communities.
- For instance, here in the Houston area, we've placed more than 26,000 units of affordable housing since the program's inception in 1986.
- We also make sure that every dollar is spent, leveraged, and utilized for its maximum impact.
- And as a responsible steward of these valuable but limited Treasury funds, we closely monitor these units for compliance with all state and federal regulations. Once the units are placed in service, we make sure that the residents and the tax payers get the full benefit of their bargain.

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- This past year, our state legislature gave us the power to levy financial penalties against those developers who are not keeping their commitments. Accordingly, we will make sure that those few “bad actors” are firmly removed from the program and that a clear message is sent industry-wide that TDHCA will not tolerate slumlords. Our ultimate concern is always for the safety and welfare of our low-income tenants.

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- I also wanted to share with you this morning the active work we’ve done in leading Texas’ disaster recovery efforts stemming from Katrina and Rita.
- While we appreciate the efforts of the entire Congress in assisting Texans, I would be remiss if I did not thank you Madam Chair along with congressmen Al Green, Ruben Hinojosa, Kevin Brady, Sheila Jackson Lee, and the entire Texas Delegation for their efforts in assisting Texans receive disaster funding that we anticipate will help well over 5,000 Texans.
- Shortly after Congress appropriated the funds, Texas Governor Rick Perry designated TDHCA as the lead agency for administering the funds that Congress has given to help.
- In May 2006, we received our first allocation of funds in the amount of \$74.5 million dollars, \$40 million of which went towards housing needs while the remainder was designated for infrastructure repairs.

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- The housing portion will serve 537 families who are reconstructing or rehabilitating their homes. We anticipate that all of these funds will be expended by August 2008.

- The second allocation of funds came just earlier this year in the total of \$428.6 million dollars. From that amount, we've already awarded over 180 million dollars which is having an impact with repairing infrastructure, reconstructing 813 low income rental units, and delivering services and housing rehabilitation right here in Houston to help people who suffered through Hurricane Katrina and were displaced from their homes in Louisiana and living in the Houston area.

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- Governor Perry designated \$60 million specifically for Houston and Harris County. Houston will use its \$40 million to aid with law enforcement overtime and public safety issues associated with the influx of approximately 150,000 Katrina evacuees. The city will also use the funds to rehab several multifamily developments that are called home by Katrina evacuees, ensuring that they will have safe and decent affordable housing.

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- The remaining \$20 million will be used by Harris County for a myriad of social service assistance to evacuees with aid such as crisis counseling and medical services to name a few.
- The remaining funds from the second allocation -- \$222 million -- are being used for a housing assistance program administered by a third-party contractor that we have selected and with whom we are finalizing contracts.
- We have closely watched other programs and have determined that a concerted effort to help as many people as possible get back to the lives that

they had two years ago before Hurricane Rita, is best done by working with local home builders and contractors to either re-construct a home or make the needed repairs.

- Twenty percent of the total in our housing assistance program will help the elderly and those with special needs. Local communities and our state housing trust fund are assisting with gap financing to make the federal dollars go as far as they can.
- The contractor will work closely with the Councils of Government and faith-based organizations to reach out to those Texans who still need assistance and we anticipate those funds to be moving within the next 6-7 months.
- All in all, I report to you that your funds are being well managed and targeting the people who need them the most. While it is unfortunate the need is there, from shelter grants helping the homeless to handing the keys to a first time home owner, we all have a lot to be proud of in helping people who now have better, more affordable housing in the State of Texas.
- Again thank you for your interest in low income Texans and their standard of living and thank you for the opportunity to be here today. I would be happy to answer any questions.